

RJ213

APPARATUS AND METHOD FOR PROVIDING INSURANCE PRODUCTS,  
SERVICES AND/OR COVERAGE FOR LEASED ENTITIES

RELATED APPLICATIONS

This is a continuation-in-part application of U.S. Patent Application Serial No. 09/988,445, filed November 20, 2001, which is a continuation-in-part application of U.S. Patent Application Serial No. 08/903,778, filed July 31, 1997, the subject matter and teachings of which applications are hereby incorporated by reference herein in their entirety.

FIELD OF THE INVENTION

The present invention pertains to an apparatus and method for providing insurance products, services and/or coverage for leased entities and, in particular, to an apparatus and method for providing insurance products for leased and/or rented vehicles, personal as well as business articles and entities, and residential and commercial premises and properties, as well as credit derivatives or credit derivative products relating thereto.

## BACKGROUND OF THE INVENTION

In recent times, a growing number of individuals and business concerns have turned to leasing and/or renting articles such as automobiles, boats, airplanes, office equipment, computers and computer equipment and various other articles. Residential as well as commercial property leases and rentals have also been popular and, in many situations, necessary.

Leasing and renting, however, place responsibility for the care and well-being of the leased and/or rented entity upon the respective lessee or renter. The leased or rented entity or premises must be maintained and delivered back to the lessor or landlord in relatively good condition. In this regard, wear and tear which is in excess of normal wear and tear is typically not acceptable to the lessor or landlord without the lessee or renter being held responsible for this excess wear and tear and/or damage. The lessee or renter is also usually held responsible for post-warranty repairs which are required and which may result from normal wear and tear, the malfunction and/or failure of any components and/or systems of the leased and/or rented entity and/or from any

defects in material and/or workmanship in any component and/or system of the leased and/or rented entity. In this regard, the lessee or renter will typically be held financially responsible for this excess wear and tear and/or damage, including post-warranty repairs, to the leased and/or rented entity.

Oftentimes, excess wear and tear of a leased or rented article or premises may be beyond the lessee's or renter's control, yet the lessee or renter may still be held financially liable for the resulting repairs and/or repair bills in excess of any previously paid security deposit. This can lead to a financial hardship and an unexpected financial burden to many. In the case of leased motor vehicles, the excess wear and tear charges may be substantial. The same may hold true for leased boats, recreational vehicles, airplanes as well as leased office equipment, computers and computer equipment. Lastly, those who lease or rent residential and/or commercial premises may also find themselves with substantial liability upon termination of their lease and/or rental relationship with the landlord or property owner.

## SUMMARY OF THE INVENTION

The present invention provides an apparatus and a method for overcoming the shortfalls of the prior art and provides an apparatus and a method for providing insurance products, services and/or coverage which provides insurance coverage for protecting individuals and/or business entities from liability which may arise as the result of excess wear and tear and/or damage which may occur to a leased and/or rented entity during the lease and/or rental term, and further, for protecting individuals and/or business entities from liability for post-warranty repairs. The present invention can also provide information regarding credit derivatives or credit derivative products relating to the herein-described insurance products, services and/or coverage.

The apparatus comprises a central processing unit, a read only memory device, a random access memory device, a user input device(s), a display device, an output device and a database. The database contains data and/or information which is relevant to determining insurance policies and premiums related to the leasing and/or rental of vehicles, motor vehicles, boats, recreational vehicles, airplanes,

aircraft, motorcycles, office equipment, computers, computer equipment and other articles, personal and/or commercial, which may be the subject of a lease or rental arrangement. The database also includes data and/or information which is relevant in determining insurance policies and premiums for residential and/or commercial properties and/or premises.

Data and/or information, which is related to vehicle leases, includes vehicle year, model, vehicle components and/or systems along with their repair costs, replacement costs, probability of damage, probability of post-warranty repairs necessitated by wear and tear, damage, malfunctioning components and/or systems and defects in materials, parts, components, systems and/or workmanship, average costs for repairs, historical leasing data including costs of typical repairs, average total excess wear and tear costs for the entire vehicle. Vehicle leasing data and/or information also includes locality, regional and geographical data which is correlated with excess wear and tear along with data and/or information which is related to driving habits and/or patterns in a given area or areas. Data and information related to individuals and/or business entities,

by region, occupation etc, including driving habits, leasing histories, etc., will also be included in the database.

The database will also include data and/or information for particular individuals and/or business entities which includes personal, individual and/or organizational driving and/or usage patterns and/or driving histories and leasing histories as well as any other information which an insurer may deem necessary and/or desirable in determining whether insurance should be offered to an individual and/or business entity.

Data and/or information related to the leasing and/or rental of any other leasable article and/or entity, such as, for example, personal, residential and/or commercial office equipment, computers, computer equipment, facsimile machines, copy machines, furniture as well as any other article, piece of equipment and/or entity (hereinafter referred to as "leasable article" or "article") are also included in the database. Leasable article data and/or information includes article year, model, article components and/or systems along with their repair costs, replacement costs, probability of damage, probability of post-warranty

repairs necessitated by wear and tear, damage, malfunctioning components and/or systems and defects in materials, parts, components, systems and/or workmanship, average costs for repairs, historical leasing data including typical repair costs and average total excess wear and tear costs for the entire article. Article leasing data and/or information also includes locality, regional and geographical data which is correlated with excess wear and tear along with data and/or information which is related to use habits and/or patterns in a given area or areas. Data and information related to individuals and/or business entities, by region, occupation, etc., including use habits, leasing histories, etc., will also be included in the database.

The database will also include data and/or information for particular individuals and/or business entities which includes personal, individual and/or organizational use habits and/or patterns and/or use histories and leasing histories as well as any other information which an insurer may deem necessary and/or desirable in determining whether insurance should be offered to an individual and/or business entity.

Data and/or information related to the lease or rental of residential and/or commercial premises which are included in the database, includes type and age of premises, parts and/or components and/or systems of the premises along with their repair costs, replacement costs, probability of damage, probability of post-warranty repairs necessitated by wear and tear, damage, malfunctioning components and/or systems and defects in materials, parts, components, systems and/or workmanship, average costs for repairs, historical leasing and/or renting data, including typical repair costs and average total excess wear and tear costs for the entire premises. Premises leasing data and/or information also includes locality, regional and geographical data which is correlated with excess wear and tear along with data and/or information which is related to use habits and/or patterns in a given area or areas. Data and information related to individuals and/or business entities, by region, nature of use, including use habits, leasing and/or rental histories, etc., will also be included in the database.

The database also includes data and/or information for particular individuals and/or business entities which includes personal, individual and/or organizational use habits



and/or patterns and/or use histories and leasing and/or rental histories as well as any other information which an insurer may deem necessary and/or desirable in determining whether insurance should be offered to an individual and/or business entity.

The database also includes all necessary actuarial, statistical and related data and/or information necessary in performing the calculations and analysis deemed necessary in underwriting and issuing an insurance policy and/or coverage, including premium determination for any of the herein described insurance policies, products, services and/or coverage.

As noted above, the present invention provides an apparatus and a method for providing insurance policies, products, services and/or coverage for protection against liability which may arise as the result of excess wear and tear to a leased and/or rented entity and/or for liability which may arise for post-warranty repairs. In this regard, individuals and/or business entities may obtain insurance so as to protect themselves from liabilities which might arise from the lease and/or rental of an entity which may have

experienced excess wear and tear and/or damage during the lease or rental term. Further insurance for post-warranty repairs may also be obtained.

The present invention can also provide insurance policies, products, services and/or coverage for any of the herein-described entities while providing an incentive and/or incentive or incentives, to individuals and/or business entities, for minimizing excess wear and tear and/or damage to the leased and/or rented entity by providing for a commensurate rebate of a portion of the policy premiums or charges, at the end of the lease and/or rental term. In this regard, an individual and/or business entity may choose to elect an insurance policy with an incentive program so that a portion of the policy premium or charges will be refunded to him, her, or it, respectively, when and if the entity is returned with no and/or minimal excess wear and tear and/or with no and/or minimal damage. Such an incentive program would serve to reward individuals and/or business entities who and/or which, respectively, maintain the entity, during the lease and/or rental term, so that the entity is returned with no and/or minimal wear and tear or with no and/or minimal damage.

In another embodiment, the apparatus of the present invention is utilized in a network environment so as to provide insurance policies, products, services and/or coverage in, and over, a network such as on, or over, the Internet, the World Wide Web and/or any other communications network and/or system.

In another embodiment, the apparatus and method of the present invention can be utilized in order to create a credit derivative which is based on any liability or liabilities which can be created by, or which can be potentially created by, any of the lease insurance policies, products, and/or instruments, which can be provided pursuant to, and/or facilitated by, the present invention.

The apparatus and method of the present invention can identify the lease insurance policy or lease insurance product which is being offered and can ascertain the liability, the potential liability, or the risk of loss, which is or which may be associated with the lease insurance policy or the lease insurance product.

The apparatus and method of the present invention can also identify a credit derivative which can be created and issued to investors in order to reduce the liability or risk of loss associated with the lease insurance policy or product.

The credit derivative can be any one or more of a bond, a note, a securitized bond, a securitized note, a swap, a credit swap, an option, a credit option, a put option, a call option, a credit-linked note, a total return swap, a default swap, an exotic option, an exotic credit option, a swaption or a swap option, a total rate of return swap, a loan swap, a credit swap, or any other instrument which can be utilized as a credit derivative.

The apparatus and method of the present invention can also determine the price or pricing of the credit derivative, credit derivatives, or credit derivative units, for the identified credit derivative. The apparatus and method of the present invention can also determine and/or generate the offering terms (i.e. time for holding the credit derivative, time to maturity of the credit derivative instrument, interest rate of the credit derivative, rate of return of the credit derivative, default risk information, issuer default risk, probability of default by the issuer of

the credit derivative, probability of non-default by the issuer, and any other terms or information which can be typically provided along with a credit derivative or other investment or financial instrument, etc.).

The present invention can output the information the identified credit derivative and the information regarding the pricing and/or offering terms for the credit derivative, credit derivatives, or credit derivative units. The credit derivative or credit derivatives can then be issued the credit derivatives to investors.

The present invention can process transactions involving the purchase and/or sale of the insurance policies described herein. In this manner, the present invention can be utilized to sell any of the insurance products, services, coverage, and/or policies described herein. The present invention can also be used as a clearinghouse for selling and/or purchasing any or the herein-described insurance products, services, coverage and/or policies.

The present invention can also be used to receive

and/or process insurance claims relating to or arising from any of the herein-described insurance products, services, coverage and/or policies.

The present invention can also be used to process transactions involving the purchase and/or sale of the insurance policies described herein on or over a communication network and/or on or over the Internet and/or the World Wide Web. The present invention can also be used as a clearinghouse for selling and/or purchasing any or the herein-described insurance products, services, coverage and/or policies.

The present invention can also be used to process transactions involving the purchase and/or sale of the credit derivatives for any of the insurance products, services, coverage, and/or policies described herein. These credit derivative transactions can also be performed on or over a communication network and/or on or over the Internet and/or the World Wide Web.

The present invention can also be utilized to sell

and/or purchase credit derivatives for or relating to any of the insurance products, services, coverage, and/or policies described herein. The present invention can also be utilized as a clearinghouse for selling and/or purchasing credit derivatives for or relating to any of the herein-described insurance products, services, coverage and/or policies.

The present invention can also be utilized to receive and/or process trades and/or claims relating to or arising from any of the herein-described credit derivatives.

The present invention can also be, can also be used as, and/or can be an integrated and/or peripheral system of, a transaction computer system or a computer system which is used for processing insurance transactions, financial transactions, insurance claims transactions, and/or brokerage transactions.

Accordingly, it is an object of the present invention to provide an apparatus and method for providing insurance policies, products, services and/or coverage for leased and/or rented entities and/or premises for providing insurance protection against liability which may arise as the

result of excess wear and tear and/or damage which may occur to a leased and/or rented entity during the lease and/or rental term.

It is another object of the present invention to provide an apparatus and method for providing insurance policies, products, services and/or coverage for leased and/or rented entities and/or premises for providing insurance protection against liability which may arise as the result of post-warranty repairs.

It is another object of the present invention to provide an apparatus and a method for providing insurance policies, products, services and/or coverage for leased and/or rented entities and/or premises which is implemented using software in conjunction with a computer and/or a processing system.

It is another object of the present invention to provide an apparatus and a method for providing insurance policies, products, services and/or coverage for leased motor vehicles.



It is another object of the present invention to provide an apparatus and a method for providing insurance policies, products, services and/or coverage for leased boats and marine vehicles.

It is another object of the present invention to provide an apparatus and a method for providing insurance policies, products, services and/or coverage for leased airplanes and aircraft.

It is another object of the present invention to provide an apparatus and a method for providing insurance policies, products, services and/or coverage for leased articles and/or equipment of any variety or type.

It is another object of the present invention to provide an apparatus and a method for providing insurance policies, products, services and/or coverage for leased and/or rented residential premises and/or commercial premises.

It is yet another object of the present invention to provide an apparatus and a method for providing insurance policies, products, services and/or coverage for leased and/or

rented entities which provides incentives for maintaining the leased and/or rented entity with no and/or minimum excess wear and tear and/or with no and/or minimal damage during the lease and/or rental term.

It is yet another object of the present invention to provide an apparatus and a method for providing insurance policies, products, services and/or coverage for leased and/or rented entities, vehicle, premises, equipment and other appropriate articles on, or over, a communication network such as on, or over, the Internet, the World Wide Web and/or any other communications and/or network environment and/or medium.

It is still another object of the present invention to provide an apparatus and method for providing information regarding a credit derivative or a credit derivative product relating to any of the lease insurance products, services, and/or coverage described herein.

It is another object of the present invention to create a credit derivative which is based on, or relates to, any liability or liabilities which can be created by, or which can be potentially created by, any of the lease insurance

policies, products, and/or instruments, which can be provided pursuant to, and/or facilitated by, the present invention.

It is still another object of the present invention to create a credit derivative which can be utilized to provide a hedge for, to provide insurance for, or to provide reinsurance for, any liability, potential liability, or risk of loss, associated with any of the lease insurance policies, products, and/or instruments, which can be provided pursuant to, and/or facilitated by, the present invention.

It is yet another object of the present invention to provide price information, pricing information, and/or offering terms information, for a credit derivative which can be utilized to provide a hedge for, to provide insurance for, or to provide reinsurance for, any liability, potential liability, or risk of loss, associated with any of the lease insurance policies, products, and/or instruments, which can be provided pursuant to, and/or facilitated by, the present invention.

It is another object of the present invention

to provide an apparatus and method which can be utilized to process transactions involving the purchase and/or sale of the insurance policies described herein.

It is still another object of the present invention to provide an apparatus and method which can be utilized as a clearinghouse for selling and/or purchasing any or the herein-described insurance products, services, coverage and/or policies.

It is yet another object of the present invention to provide an apparatus and method which can be utilized to receive and/or process insurance claims relating to or arising from any of the herein-described insurance products, services, coverage and/or policies.

It is another object of the present invention to provide an apparatus and method which can be utilized to process transactions involving the purchase and/or sale of the insurance policies described herein on or over a communication network and/or on or over the Internet and/or the World Wide Web.

It is still another object of the present invention to provide an apparatus and method which can be utilized to process transactions involving the purchase and/or sale of credit derivatives for any of the insurance products, services, coverage, and/or policies described herein.

It is yet another object of the present invention to provide an apparatus and method which can be utilized to process credit derivative transactions on or over a communication network and/or on or over the Internet and/or the World Wide Web.

It is another object of the present invention to provide an apparatus and method which can be utilized to sell and/or purchase credit derivatives for or relating to any of the insurance products, services, coverage, and/or policies described herein.

It is still another object of the present invention to provide an apparatus and method which can be utilized as a clearinghouse for selling and/or purchasing credit derivatives for or relating to any of the herein-described insurance products, services, coverage and/or policies.

It is yet another object of the present invention to provide an apparatus and method which can be utilized to receive and/or process trades and/or claims relating to or arising from any of the herein-described credit derivatives.

It is another object of the present invention to provide an apparatus and method which can be utilized as, and/or can be an integrated and/or peripheral system of, a transaction computer system or a computer system which is used for processing insurance transactions, financial transactions, insurance claims transactions, and/or brokerage transactions.

Other objects and advantages of the present invention will be apparent to those individuals skilled in the art upon a review of the Description Of The Preferred Embodiment taken in conjunction with the Drawings which follow.

## BRIEF DESCRIPTION OF THE DRAWINGS

In the Drawings:

Figure 1 illustrates a block diagram of the apparatus which is the subject of the present invention;

Figures 2A and 2B illustrate a flow diagram of a preferred embodiment method of operation of, or method for utilizing, the apparatus of the present invention;

Figures 3A and 3B illustrate a flow diagram of another embodiment method of operation of, or method for utilizing, the apparatus of the present invention;

Figures 4A and 4B illustrate a flow diagram of another embodiment method of operation of, or method for utilizing, the apparatus of the present invention;

Figure 5 illustrates another embodiment of the apparatus of the present invention which is utilized in a network environment; and

Figure 6 illustrates a flow diagram of a method for utilizing the present invention in order to create and/or to price a credit derivative corresponding to any liability or potential liability associated with a lease insurance policy or lease insurance product.

#### **DESCRIPTION OF THE PREFERRED EMBODIMENTS**

The present invention provides an apparatus and a method for providing insurance products, services and/or coverage which provides insurance coverage for protecting individuals and/or business entities from liability which may arise as the result of excess wear and tear and/or damage which may occur to a leased and/or rented entity during the lease and/or rental term, and further, for protecting individuals and/or business entities from liability for post-warranty repairs.

The present invention can also provide information regarding credit derivatives and credit derivative products relating to the herein-described insurance products, services and/or coverage. The present invention can also be utilized to create a credit derivative which is based on any liability



or liabilities which can be created by, or which can be potentially created by, any of the lease insurance policies, products, and/or instruments, which can be provided pursuant to, and/or facilitated by, the present invention.

The present invention can also be utilized to process transactions regarding any of the herein-described insurance products, services and/or coverage. The present invention can also be utilized to process transactions regarding any of the herein-described credit derivatives for any of the herein-described insurance products, services and/or coverage.

Applicant incorporates by reference herein the subject matter and teachings of U.S. Patent Application Serial No. 09/988,445, filed November 20, 2001, and entitled "APPARATUS AND METHOD FOR PROVIDING INSURANCE PRODUCTS, SERVICES AND/OR COVERAGE FOR LEASED ENTITIES". Applicant also incorporates by reference herein the subject matter and teachings of U.S. Patent Application Serial No. 08/903,778, filed July 31, 1997, and entitled "APPARATUS AND METHOD FOR PROVIDING INSURANCE PRODUCTS, SERVICES AND/OR COVERAGE FOR LEASED ENTITIES".

Figure 1 illustrates a block diagram of the apparatus which is the subject of the present invention and which is denoted generally by the reference numeral 100. The apparatus 100 comprises a central processing unit (CPU) 1 which, in the preferred embodiment, is a microprocessor. The CPU 1 may also be a microcomputer, a minicomputer, a macro-computer, and/or a mainframe computer, depending upon the application. The CPU 1 may also be implemented as a server computer in a network configuration.

The apparatus 100 also comprises a read only memory (ROM) 2 and a random access memory (RAM) 3 which are also connected to the CPU 1. The apparatus 100 also comprises a user input device(s) 4 which comprise(s) any one or more of a keyboard, a scanner, a user pointing device, such as, for example, a mouse, a touch pad, and/or an audio input device and/or a video input device, etc., if desired, which input device(s) are also be connected to the CPU 1. The apparatus 100 also comprises a display device 5, such as a display monitor, which is also connected to the CPU 1, and an output device 6, such as a printer, a fax/modem, etc., which output device is also connected to the CPU 1.

The apparatus 100 also comprises a database(s) 7, wherein various information and/or data, which is utilized in the various processing routines, as will be described herein, is stored and which is also connected to, and accessible by, the CPU 1. Various data and/or information related to the leasing and/or rental of vehicles, motor vehicles, trucks, construction equipment, farm equipment, boats, recreational vehicles, airplanes, aircraft, motorcycles, office equipment, computers, computer equipment, and other articles and/or devices, equipment, etc., including articles and/or equipment which may be utilized in, and/or in conjunction with residential and/or commercial premises, is stored in the database 7. The database 7 also includes data and/or information related to the leases of residential and/or commercial property and/or premises.

Data and/or information related to vehicle leases, which is included in the database 7, includes vehicle year, model, vehicle components and/or systems along with their repair costs, replacement costs, probability of damage, probability of post-warranty repairs necessitated by wear and tear, damage, malfunctioning components and/or systems and

defects in materials, parts, components, systems and/or workmanship, average costs for repairs, historical leasing data, average total excess wear and tear and/or damage costs for the entire vehicle. Vehicle leasing data and/or information also includes locality, regional and geographical data which is correlated with excess wear and tear and/or damage costs along with data and/or information which is related to driving and/or usage habits and/or patterns in a given area or areas. Data and information related to individuals and/or business entities, by region, occupation etc, including driving and/or usage habits, leasing histories, etc., will also be included in the database 7.

Excess wear and tear and damage, as the terms are used herein, refer to, and includes, any and all conditions and/or states of the leased and/or rented entity, including but not limited to scratches, dents, tears, stains, etc, malfunctioning and/or inoperable components and/or systems, state(s) of disrepair, and any and all other states and/or conditions which will subject the lessor and/or renter to any liability therefor at the end of the lease and/or rental term.

Post-warranty repairs, as the term is used herein, includes any and all repairs which are made necessary from any wear and tear, normal or otherwise, to components and/or systems of the herein-described entities and further includes repairs which result from defects in materials and/or workmanship. Post-warranty repairs also include any and all repairs which would be covered under a manufacturer's warranty. In this regard, the apparatus and method of the present invention provides for extended warranty protection for the leased and/or rented entity for the duration of the lease or rental term. The database 7 also includes any and all data and/or information which will facilitate the calculation, determination and/or formulation of an insurance policy, product, service and/or coverage for providing extended warranty protection for any leased and/or rented entity described herein.

The database 7 also includes data and/or information for particular individuals and/or business entities which includes personal, individual and/or organizational driving and/or usage patterns and/or driving and/or usage histories and leasing histories as well as any other information which an insurer may deem necessary and/or

desirable in determining whether insurance should be offered and/or underwritten for an individual and/or business entity.

Data and/or information related to the leasing and/or rental of any other leasable article and/or entity, such as, for example, personal, residential and/or commercial office equipment, computers, computer equipment, facsimile machines, copy machines, furniture, as well as any other article, piece of equipment and/or entity (hereinafter referred to as "leasable article"), which may be the subject of a lease or rental arrangement, is also included in the database 7.

Leasable article data and/or information includes article age or model year, model, article components and/or systems along with their repair costs, replacement costs, probability of damage, probability of post-warranty repairs necessitated by wear and tear, damage, malfunctioning components and/or systems and defects in materials, parts, components, systems and/or workmanship, average costs for repairs, historical leasing data and average total excess wear and tear and/or damage costs for the entire article. Article leasing data and/or information also includes locality,

regional and geographical data which is correlated with excess wear and tear and/or damage costs along with data and/or information which is related to usage habits and/or patterns in a given area or areas. Data and information related to individuals and/or business entities, by region, occupation etc, including usage habits, leasing histories, etc., will also be included in the database 7.

The database 7 also includes data and/or information for particular individuals and/or business entities which includes personal, individual and/or organizational use and/or usage habits and/or patterns and/or use or usage histories and leasing histories as well as any other information which an insurer may deem necessary and/or desirable in determining whether insurance should be offered to an individual and/or business entity.

Data and/or information related to the leasing and/or rental of residential and/or commercial premises, which is included in the database 7, includes type and age of the premises, portions and/or components and/or systems of the premises, along with their repair costs, replacement costs, probability of damage, probability of damage, probability of

post-warranty repairs necessitated by wear and tear, damage, malfunctioning components and/or systems and defects in materials, parts, components, systems and/or workmanship, average costs for repairs, historical leasing and/or renting information, average total excess wear and tear costs for the entire premises. Premises leasing data and/or information also includes locality, regional and geographical data which is correlated with excess wear and tear and/or damage, along with data and/or information which is related to use or usage habits and/or patterns for a given type of premises and/or for a given area or areas. Data and information related to individuals and/or business entities, by region, nature of use or usage, including use or usage habits, leasing and/or rental histories, etc., is also included in the database 7.

The database 7 will also include data and/or information for particular individuals and/or business entities which includes personal, individual and/or organizational use and/or usage habits and/or patterns and/or use or usage histories and leasing and/or rental histories as well as any other information which an insurer may deem necessary and/or desirable in determining whether insurance should be offered to an individual and/or business entity.



The data and/or information which is stored in the database(s) 7, in the preferred embodiment, also includes data and/or information related to various damage and/or repairs which may need to be performed on any of the above entities, the frequency with which these repairs had to be made in previous lease and/or rental situations involving the same, identical and/or similar types of individuals and/or business entities, and the costs for repairing damage and/or needed repairs, which may include high, low and average repair costs.

For example, if a motor vehicle is leased, average, high and low repair costs which have resulted from previous leases of the same or a similar vehicle, would be stored in the database 7, as would analogous information concerning any of the above identified leased and/or rented entities and/or articles.

The database 7 also comprises any and all necessary actuarial, statistical, insurance, risk, risk of loss and application specific data and/or information which is related to, and which is necessary and/or helpful in calculating, determining, formulating and/or underwriting insurance policies, products, services and/or coverage. In particular, the database 7 will contain any necessary and/or helpful data

and/or information for providing insurance policies, products, services and/or coverage for insuring against liability for excess wear and tear and/or damage to a leased and/or a rented entity which may occur during the lease and/or rental term, along with liability for post-warranty repairs.

The database 7 also comprises data and/or information related to insurance premiums which data and/or information is utilized to calculate and/or underwrite an insurance policy, depending upon the nature and the amount of coverage for the leased and/or rented entity of interest. The database 7 also contains statistical information related to sex, age, driving and use record histories for individuals and/or business entities which information can be utilized in insurance policy and/or premium determinations and calculations. The database 7 also comprises data and/or information concerning past lease experiences, if any, for individuals and business entities, including specific individuals and/or business entities, along with corresponding records concerning any end of lease damage and/or excess wear and tear which may have occurred in past leasing and/or rental relationships.

The database 7 also contains data and/or information related to lease and or rental term, data and/or information related to geography, season, etc., along with data and/or information related to how these variables affect any other data and/or information described herein.

The data and/or information which is stored in the database 7, in addition to the above data and/or information, contains any other necessary, recommended and/or supplemental data and/or information, and/or application program(s) which may be helpful and/or desired by an insurer in determining whether to issue an insurance policy, product, service and/or coverage described herein.

The data and/or information which is stored in the database 7 may be utilized to calculate risk, risk of loss and/or damage probabilities for an individual and/or business entity, for any given lease or rental situation, lease or rental entity and/or lease and/or rental agreement.

The data and/or information which is stored in the database 7 may be utilized to calculate risk, risk of loss and/or damage probabilities for any of the leased and/or

rented vehicles, articles and/or premises described herein, for any individual and/or business entity and for any given lease and/or rental situation. The present invention may be utilized to custom design and/or calculate an insurance policy, product, service and/or coverage for a particular lease or rental agreement and/or situation by utilizing risk, risk of loss, risk assessment and underwriting techniques which can be modified for the particular application.

The data and/or information described herein will be utilized to generate and underwrite an insurance policy as well as to calculate an insurance premium or charges, depending upon the nature and the amount of the coverage desired for the leased and/or rented entity. The data and/or information which is stored in the database 7 will be updated regularly so as to maintain the most accurate and current data as possible. The database 7 can also contain any data and/or information needed and/or desired for creating and pricing a credit derivative or credit derivatives which can be utilized in order to allow a respective insurance company, insurer, or other issuer, of any of the lease insurance policies or lease insurance products described herein, to hedge its liability or risk of loss, to limit its liability or risk of loss,

and/or to obtain insurance or reinsurance, for any liability or liabilities and/or potential liability or potential liabilities which may be associated with and/or which may result from the issuance of any of the herein-described lease insurance policies or lease insurance products.

The present invention provides an apparatus and a method for providing insurance policies, products, services and/or any of the herein-described coverages for any of the herein-described leased and/or rented entities. In this regard, individuals and/or business entities may obtain insurance so as to protect themselves from liabilities which might arise from a leased and/or rented entity being returned with damage and/or excess wear and tear at the end of the lease and/or rental term, as well as providing protection against liabilities for post-warranty repairs.

Figures 2A and 2B illustrate a flow diagram of a preferred embodiment method of operation of, or method for utilizing, the apparatus and method of the present invention which is utilized in conjunction with leased vehicles, which vehicles include motor vehicles, including passenger and commercial automobiles and trucks, boats, marine vehicles,

airplanes, aircraft, motorcycles, recreational vehicles and/or motor and/or mobile homes.

In Figures 2A and 2B, the method and/or operation of the apparatus commences at step 20. At step 21, data and/or information pertaining to the vehicle to be leased, including type, year, make and model, along with the lease term and any other pertinent information related to the lease (i.e. mileage allowance, down payment, security payment, lease end purchase option and price, etc.) will be selected and input into the apparatus 100. Information pertaining to insurance coverage for post-warranty repairs, if desired, is also selected and input at step 21.

At step 22, data and/or information related to the individual or business entity who or which, respectively, will be leasing the vehicle (i.e. individual, business entity, including driving and/or usage history, insurance history, past leasing history, desired insurance coverage, insurance deductible, insurance policy terms, etc.) will be entered into the apparatus 100. At step 22, the individual and/or business entity may or may not also select an insurance policy which provides for an incentive for maintaining the vehicle with no

and/or minimum wear and tear and/or with no and/or minimum damage during the lease term. In this regard, the individual and/or business entity may select to participate in an incentive policy agreement whereby the individual and/or business entity may receive a rebate and/or a return of a portion of the insurance policy's premiums and/or charges at the end of the lease term if the vehicle is returned with no and/or minimal excess wear and tear and/or with no and/or minimal damage.

At step 23, the apparatus 100 will calculate expected excess wear and tear and/or damage, and/or information related to post-warranty repair, which is expected to occur during the lease term, given the data input at steps 21 and 22 along with the pertinent data and/or information which is stored in the database 7. The data and/or information which is stored in the database 7 and which is utilized in calculating an insurance premium and formulating the associated insurance policy may also include any one or more of data and/or information related to various damage and/or repairs which may need to be performed on, or for, the vehicle in question, the frequency with which these repairs had to be made in previous leases and/or rentals dealing with

the same, identical and/or similar and/or analogous vehicles, the costs for repairing excessive wear and tear and/or damage, post-warranty repair data, data and/or information related to insurance premiums which data and/or information is utilized to calculate an associated insurance premium, the nature of the desired coverage, coverage deductibles, statistical information related to any of the above data and/or information as well as statistical information related to sex, age and driving and usage record histories for the individual and/or business entity as well as for individuals and/or business entities in the same, similar or analogous classes.

Database data and/or information also includes past lease experiences, if any, for the individual and/or business entity as well as for individuals and/or business entities in the same, similar, or analogous classes, records concerning any end of lease damage which may have occurred in an individual's and/or business entity's past leasing relationships, or for those individuals and/or business entities in the same, similar or analogous classes and data and/or information related to lease and/or rental term.



At step 24, the apparatus 100 will determine whether the individual and/or business entity has chosen to participate in an insurance policy which provides for the above-described incentives. At step 24, if an incentive policy has been chosen, the apparatus 100, at step 25, will calculate or formulate an insurance policy and corresponding premium or charge which provides for the above-described incentive feature. If, at step 24, it is determined that an incentive policy has not been chosen, the apparatus 100, at step 26, will calculate or formulate an insurance policy and corresponding premium without the incentive feature.

At step 27, the policy can then be presented to the individual and/or business entity for acceptance. The individual may then, at step 27, chose to accept or reject the insurance policy. If, at step 27A, it is determined that the individual and/or business entity did not accept the policy, the processing will cease at step 28. If, at step 27A, it is determined that the individual and/or business entity accepted the policy, the parties will enter into the relevant insurance contract at step 29, typically with the payment of the policy premium or partial premium and the issuance of the insurance policy. The policy will thereafter be issued. The policy

will thereafter be in effect so as to protect the individual and/or business entity from liability for excess wear and tear and/or damage which may occur to the vehicle during the lease term. Upon the termination of the lease term, at step 30, the vehicle will be inspected for excess wear and tear and/or damage.

At step 31, the value or repair amount and/or liability for any excess wear and tear and/or damage, which may be found, will be calculated. If post-warranty coverage is in effect, the value for any post-warranty repairs will also be determined at step 31. At step 32, the apparatus 100 will then determine if the value of any excess wear and tear and/or damage is of such a magnitude to trigger policy coverage. The apparatus 100 will also, at step 32, determine if post-warranty coverage is triggered.

If, at step 32, policy coverage is triggered, the insurance provider or policy underwriter will, at step 33, assume responsibility for, and effect payment to the vehicle owner and/or leasing entity for, the excess wear and tear and/or damage. The insurance provider or policy underwriter will also, at step 33, assume responsibility for, and effect

payment for any post-warranty repairs, if such coverage is in effect. If, however, coverage is not triggered at step 32, the insurance provider or underwriter will, at step 34, have no liability to the vehicle owner or leasing entity.

At step 35, it will be determined if an incentive policy is in effect. If no incentive policy is in effect, the operation of the apparatus and/or process will cease at step 36. If, at step 35, it is determined that an incentive policy is in effect, the apparatus 100, at step 37, will determine the amount of the rebate and/or premium which is to be returned to the individual and/or business entity. At step 38, the individual and/or business entity will receive the rebate.

If no excess wear and tear and/or no damage has been found to exist, the individual and/or business entity will receive the full rebate amount at step 38. If excess wear and tear and/or damage has been found to exist at, or above, a pre-defined amount, the individual and/or business entity will receive no rebate at step 38. If excess wear and tear and/or damage has been found to exist below a pre-defined limit, a rebate amount will be calculated according to a pre-

defined calculation and/or interpolation routine and the individual and/or business entity will receive the calculated amount at step 38.

In the preferred embodiment, a linear interpolation routine is utilized to calculate the partial rebate amount at step 38. It is important to note that any mathematical computation routine and/or interpolation routine, linear or non-linear, as well as any other method for calculating an amount, or a partial amount, may be utilized in the processing scheme of the present invention. As noted above, rebate calculations will be performed at step 37.

Once the individual and/or business entity has been issued their or its rebate, the liability of the insurance provider and/or underwriter will cease at step 39. The operation and method of the present invention will then cease at step 40.

The apparatus 100 and/or the CPU 1 can process transactions involving the purchase and/or sale of the insurance policies described herein. In this manner, the apparatus 100 and/or the CPU 1 can be utilized to sell and/or

purchase any of the insurance products, services, coverage, and/or policies described herein. The apparatus 100 and/or the CPU 1 can also be used as a clearinghouse for selling and/or purchasing any or the herein-described insurance products, services, coverage and/or policies.

The apparatus 100 and/or the CPU 1 can also be used to receive and/or process insurance claims relating to or arising from any of the herein-described insurance products, services, coverage and/or policies.

Figures 3A and 3B illustrate a flow diagram of another embodiment method of operation of, or method for utilizing, the apparatus and method of the present invention which is utilized in conjunction with a leased article, which may include an article of office equipment, business equipment, exercise equipment, computers, computer equipment and/or peripherals and any other item, device or article which may be deemed to be desirable as the subject of a lease and/or a rental arrangement and/or agreement (hereinafter referred to as "article").

In Figures 3A and 3B, the operation of the apparatus and method commences at step 50. At step 51, data and/or information pertaining to the article to be leased, including type, year, make and model, along with the lease term and any other pertinent information related to the lease (i.e. use allowance, down payment, security payment, lease end purchase option and price, etc.) will be selected and input into the apparatus 100. Information pertaining to insurance coverage for post-warranty repairs, if desired, is also selected and input at step 51.

At step 52, data and/or information related to the individual and/or business entity who, or which, respectively, will be leasing the article (i.e. individual and/or business entity use or usage history, insurance history, past leasing history, desired insurance coverage, insurance deductible, insurance policy terms, etc.) will be entered into the apparatus 100. At step 52, the individual and/or business entity may or may not also select an insurance policy which provides for an incentive for maintaining the article with no and/or minimum wear and tear and/or with no and/or minimum damage during the lease term. In this regard, the individual and/or business entity may select to participate in an

incentive policy agreement whereby the individual and/or business entity may receive a rebate and/or a return of a portion of the insurance policy's premiums and/or charges at the end of the lease term if the article is returned with no and/or minimal excess wear and tear and/or with no and/or minimal damage.

At step 53, the apparatus 100 will calculate expected excess wear and tear and/or damage, and/or information related to post-warranty repair, which is expected to occur during the lease term, given the data input at steps 51 and 52 along with the pertinent data and/or information which is stored in the database 7. The data and/or information which is stored in the database 7 and which is utilized in calculating an insurance premium and formulating the associated insurance policy may also include any one or more of data and/or information related to various damage and/or repairs which may need to be performed on the article in question, the frequency with which these repairs had to be made in previous leases and/or rentals dealing with the same, identical and/or similar and/or analogous articles, the costs for repairing excessive wear and tear and/or damage, post-warranty repair data, data and/or information related to

insurance premiums which data and/or information is utilized to calculate an associated insurance premium, the nature of the desired coverage, coverage deductibles, statistical information related to any of the above data and/or information as well as statistical information related to sex, age and use and/or usage histories for the individual and/or business entity as well as for individuals and/or business entities in the same, similar or analogous classes.

Database data and/or information also includes past lease experiences, if any, for the individual and/or business entity as well as for individuals and/or business entities in the same, similar, or analogous classes, records concerning any end of lease damage which may have occurred in an individual's and/or business entity's past leasing relationships, or for those individuals and/or business entities in the same, similar or analogous classes and data and/or information related to lease and/or rental term.

At step 54, the apparatus 100 will determine whether the individual and/or business entity has chosen to participate in an insurance policy which provides for the above-described incentives. At step 54, if an incentive



policy has been chosen, the apparatus 100 will, at step 55, calculate or formulate an insurance policy and corresponding premium or charge which provides for the above-described incentive feature. If, at step 54, it is determined that an incentive policy has not been chosen, the apparatus 100, at step 56, will calculate or formulate an insurance policy and corresponding premium without the incentive feature.

At step 57, the policy can then be presented to the individual and/or business entity for acceptance. The individual may then, at step 57, accept or reject the insurance policy. If, at step 57A, it is determined that the individual and/or business entity did not accept the policy, the processing will cease at step 58. If, at step 57A, it is determined that the individual and/or business entity accepted the policy, the parties will enter into the relevant insurance contract at step 59, typically with the payment of the policy premium or partial premium and the issuance of the insurance policy. The policy will then be issued. The policy will thereafter be in effect so as to protect the individual and/or business entity from liability for excess wear and tear and/or damage which may occur to the vehicle during the lease term. Upon the termination of the lease period, at step 60, the

article will be inspected for excess wear and tear and/or damage.

At step 61, the value or repair amount and/or liability for any excess wear and tear and/or damage which may be found, will be calculated. If post-warranty coverage is in effect, the value for any post-warranty repairs will also be determined at step 61. At step 62, the apparatus 100 will then determine if the value of any excess wear and tear and/or damage is of such a magnitude to trigger policy coverage. The apparatus 100 will also, at step 62, determine if post-warranty coverage is triggered.

If, at step 62, policy coverage is triggered, the insurance provider or policy underwriter will, at step 63, assume responsibility for, and effect payment to the article owner and/or leasing entity for, the excess wear and tear and/or damage. The insurance provider or policy underwriter will also, at step 63, assume responsibility for, and effect payment for any post-warranty repairs, if such coverage is in effect. If, however, coverage is not triggered at step 62, the insurance provider or underwriter will, at step 64, have no liability to the article owner or leasing entity.

At step 65, it will be determined if an incentive policy is in effect. If no incentive policy is in effect, the operation of the apparatus and/or process will cease at step 66. If, at step 55, it is determined that an incentive policy is in effect, the apparatus 100 will, at step 67, determine the amount of the rebate and/or returned premium which is to be returned to the individual and/or business entity. At step 68, the individual and/or business entity will receive the rebate.

If no excess wear and tear and/or no damage has been found to exist, the individual and/or business entity will receive the full rebate amount at step 68. If excess wear and tear and/or damage has been found to exist at, or above, a pre-defined amount, the individual and/or business entity will receive no rebate at step 68. If excess wear and tear and/or damage has been found to exist below a pre-defined limit, a rebate amount will be calculated according to a pre-defined calculation and/or interpolation routine and the individual and/or business entity will receive the calculated amount at step 68.

In the preferred embodiment, a linear interpolation routine is utilized to calculate the partial rebate amount at step 68. It is important to note that any mathematical computation routine and/or interpolation routine, linear or non-linear, as well as any other method for calculating an amount or a partial amount, may be utilized in the processing scheme of the present invention. As noted above, rebate calculations will be performed during step 67.

Once the individual and/or business entity has been issued their or its rebate, the liability of the insurance provider and/or underwriter will cease at step 69. The operation and method of the present invention will then cease at step 70.

The apparatus 100 and/or the CPU 1 can process transactions involving the purchase and/or sale of the insurance policies described herein. In this manner, the apparatus 100 and/or the CPU 1 can be utilized to purchase and/or sell any of the insurance products, services, coverage, and/or policies described herein. The apparatus 100 and/or the CPU 1 can also be used as a clearinghouse for selling

and/or purchasing any or the herein-described insurance products, services, coverage and/or policies.

The apparatus 100 and/or the CPU 1 can also be used to receive and/or process insurance claims relating to or arising from any of the herein-described insurance products, services, coverage and/or policies.

Figures 4A and 4B illustrate a flow diagram of another embodiment method of operation of, or method for utilizing, the apparatus and method of the present invention which is utilized in conjunction with a leased and/or rented residential and/or commercial premises (hereinafter referred to as "premises").

In Figures 4A and 4B, the operation of the apparatus and/or method commences at step 80. At step 81, data and/or information pertaining to the type, age, make and model, along with lease or rental term, and any other pertinent information related to the lease or rental (i.e. use allowance, down payment, security payment, lease end purchase option and price, etc.) to be leased will be selected and input into the apparatus 100. Information pertaining to

insurance coverage for post-warranty repairs, if desired, is also selected and input at step 81.

At step 82, data and/or information related to the individual or business entity who or which, respectively, will be leasing the premises (i.e. individual and/or business entity use or usage history, insurance history, past leasing history, desired insurance coverage, insurance deductible, insurance policy terms, etc.) will be entered into the apparatus 100. At step 82, the individual and/or business entity may or may not also select an insurance policy which provides for an incentive for maintaining the premises with no and/or minimum wear and tear and/or with no and/or minimum damage during the lease or rental term. In this regard, the individual and/or business entity may select to participate in an incentive policy agreement whereby the individual and/or business entity can receive a rebate and/or a return of a portion of the insurance policy's premiums and/or charges at the end of the lease or rental term if the premises is returned with no and/or minimal excess wear and tear and/or with no and/or minimal damage.

At step 83, the apparatus 100 will calculate expected excess wear and tear and/or damage, and/or information related to post-warranty repair, which is expected to occur during the lease term, given the data input at steps 81 and 82 along with the pertinent data and/or information which is stored in the database 7. The data and/or information which is stored in the database 7 and which is utilized in calculating an insurance premium and formulating the associated insurance policy may also include any one or more of data and/or information related to various damage and/or repairs which may need to be performed on, or for, the premises in question, the frequency with which these repairs had to be made in previous leases and/or rentals dealing with the same, identical and/or similar and/or analogous premises, the costs for repairing excessive wear and tear and/or damage, post-warranty repair data, data and/or information related to insurance premiums which data and/or information is utilized to calculate an associated insurance premium, the nature of the desired coverage, coverage deductibles, statistical information related to any of the above data and/or information as well as statistical information related to sex, age and use and usage histories for the individual and/or

business entity as well as for individuals and/or business entities in the same, similar or analogous classes.

Database data and/or information also includes past lease or rental experiences, if any, for the individual or business entity as well as for individuals and/or business entities in the same, similar or analogous classes, records concerning any end of lease or end of rental damage which may have occurred in an individual's and/or business entity's past leasing relationships, or for those individuals and/or business entities in the same, similar or analogous classes and data and/or information related to lease and/or rental term.

At step 84, the apparatus 100 will determine whether the individual and/or business entity has chosen to participate in an insurance policy which provides for the above-described incentives. At step 84, if an incentive policy has been chosen, the apparatus 100, at step 85, will calculate or formulate an insurance policy and corresponding premium or charge which provides for the above-described incentive feature. If, at step 84, it is determined that an incentive policy has not been chosen, the apparatus 100, at



step 86, will calculate or formulate an insurance policy and corresponding premium without the incentive feature.

At step 87, the policy can then be presented to the individual and/or business entity for acceptance. The individual may then, at step 87, accept or reject the insurance policy. If, at step 87A, it is determined that the individual and/or business entity did not accept the policy, the processing will cease at step 88. If, at step 87A, it is determined that the individual and/or business entity accepted the policy, the parties will enter into the relevant insurance contract at step 89, typically with the payment of the policy premium or partial premium and the issuance of the insurance policy. The policy will then be issued. The policy will thereafter be in effect so as to protect the individual and/or business entity from liability for excess wear and tear and/or damage which may occur to the premises during the lease or rental term. Upon the termination of the lease or rental period, at step 90, the premises will be inspected for excess wear and tear and/or damage.

At step 91, the value or repair amount and/or liability for any excess wear and tear and/or damage which may

be found, will be calculated. If post-warranty coverage is in effect, the value for any post-warranty repairs will also be determined at step 91. At step 92, the apparatus 100 will then determine if the value of any excess wear and tear and/or damage is of such a magnitude to trigger policy coverage. The apparatus 100 will also, at step 92, determine if post-warranty coverage is triggered.

If, at step 92, coverage is triggered, the insurance provider or policy underwriter will, at step 93, assume responsibility for, and effect payment to the premises owner and/or leasing or renting entity for, the excess wear and tear and/or damage. The insurance provider or policy underwriter will also, at step 93, assume responsibility for, and effect payment for any post-warranty repairs, if such coverage is in effect. If, however, coverage is not triggered at step 92, the insurance provider or underwriter will, at step 94, have no liability to the premises owner and/or leasing or renting entity.

At step 95, it will be determined if an incentive policy is in effect. If no incentive policy is in effect, the operation of the apparatus and/or process will cease at step

96. If, at step 95, it is determined that an incentive policy is in effect, the apparatus 100 will, at step 97, determine the amount of the rebate and/or returned premium which is to be returned to the individual and/or business entity. At step 98, the individual and/or business entity will receive the rebate.

If no excess wear and tear and/or no damage has been found to exist, the individual and/or business entity will receive the full rebate amount at step 98. If excess wear and tear and/or damage has been found to exist at, or above, a pre-defined amount, the individual and/or business entity will receive no rebate at step 98. If excess wear and tear and/or damage has been found to exist below a pre-defined limit, a rebate amount will be calculated according to a pre-defined calculation and/or interpolation routine and the individual and/or business entity will receive the calculated amount at step 98.

In the preferred embodiment, a linear interpolation routine is utilized to calculate the partial rebate amount at step 98. It is important to note that any mathematical computation routine and/or interpolation routine, linear or

non-linear, as well as any other method for calculating an amount, or a partial amount, may be utilized in the processing scheme of the present invention. As noted above, rebate calculations will be performed during step 97.

Once the individual and/or business entity has been issued their or its rebate, the liability of the insurance provider and/or underwriter will cease at step 99. The operation and method of the present invention will then cease at step 100.

The apparatus 100 and/or the CPU 1 can process transactions involving the purchase and/or sale of the insurance policies described herein. In this manner, the apparatus 100 and/or the CPU 1 can be utilized to purchase and/or sell any of the insurance products, services, coverage, and/or policies described herein. The apparatus 100 and/or the CPU 1 can also be used as a clearinghouse for selling and/or purchasing any or the herein-described insurance products, services, coverage and/or policies.

The apparatus 100 and/or the CPU 1 can also be

used to receive and/or process insurance claims relating to or arising from any of the herein-described insurance products, services, coverage and/or policies.

The apparatus and method of the present invention may utilize any conventional techniques and/or insurance policy calculation and/or determination methods, in performing any of the processing functions described herein. The above-described methods, in the preferred embodiment, are implemented with computer programs and/or software programs. It is also noted that the method of the present invention may also be practiced manually and/or without a computer.

In an another embodiment, the apparatus of the present invention is utilized in a network environment so as to provide insurance policies, products, services and/or coverage in a network environment such as on, or over, the Internet, the World Wide Web and/or any other communications network and/or system. Figure 5 illustrates the apparatus of the present invention in another embodiment wherein the apparatus is utilized in conjunction with a communications network.

Figure 5 illustrates a block diagram of another embodiment of the apparatus of the present invention which is denoted generally by the reference numeral 200. As illustrated in Figure 5, the apparatus 200 comprises a central processing computer 201 and a plurality of remote user computers, terminals and/or communication devices 230 (hereinafter referred to as "remote user device 230"). The central processing computer 201 may be a personal computer, a server computer, a workstation computer, a mainframe computer, a minicomputer or any other suitable computer processing system which is utilized in a network environment. The central processing computer 201 comprises all essential network devices and/or network interfacing devices, etc., for facilitating network operation.

Each of the remote user devices 230 is connected and/or linked with the central processing computer 201 via a communication network or medium. In the preferred embodiment, the communication network or medium is a telecommunication and/or telephone communication network. The telecommunication and/or telephone network may be a line-connected communication network and/or a wireless communication network. In another embodiment, the apparatus 200 is utilized in conjunction with

a local area network (LAN), a wide area network (WAN), a value added network (VAN) or any other communication network. In yet another embodiment, the apparatus 200 is utilized on, or over, and/or in conjunction with, the Internet and/or the World Wide Web.

It is important to note that the communication network and/or medium which may be utilized in conjunction with the apparatus and method of the present invention may be any suitable communication system and/or network for transmitting information and/or data, including multimedia, video, and/or audio information and/or data, or any other suitable information and/or data. In this regard, the communication network and/or medium may be a radio communication network or system, a digital communication network or system, a satellite communication network or system, a cable television communication network or system, a personal communications services (PCS) network or system, a telecommunication network or system, an optical communication network or system, and/or any other suitable communication network(s) and/or system(s), and/or any combination(s) thereof.

The communications system utilized may operate anywhere in the electromagnetic and/or radio signal frequency spectrum. As noted above, wireless communication networks and associated wireless communications devices, including wireless modems, may be utilized in conjunction with the present invention.

It is also important to note that the central processing computer 201 and remote user device(s) 230, which may be utilized, in the preferred embodiment, are equipped with the respective and/or corresponding communication equipment for transmitting and/or receiving the signals, data and/or information associated with the utilized communication network, and/or system, and/or any combination(s) thereof.

In the preferred embodiment, the central processing computer 201 is a typical central processing and/or server computer such as those utilized in conjunction with an on-line service and/or in network environments such as those utilized in conjunction with the Internet, the World Wide Web and/or any other suitable communication network or network environment. In the preferred embodiment, the remote user



device 230 is a personal computer (PC) which may be a home or personal computer and/or a laptop computer.

While a personal computer is described as being utilized in the preferred embodiment, it is also envisioned that the remote user device 230 or devices may also be any suitable communication device, such as a personal communication device and/or a personal communication services (PCS) device, a personal digital assistant, a video telephone, a cellular telephone, a line-connected telephone, a wireless or cordless telephone, a digital communication device, a digital telephone, a digital television and/or an interactive television and/or any other suitable communication device. In this regard, the present invention may be utilized with any suitable device(s) for facilitating communications and/or data and/or information transfer in conjunction with the central processing computer 201 in any suitable communications and/or network environment.

The apparatus 200 can be utilized in the same manner as described above with regards to Figures 1 to 4 so as to provide access to the apparatus and method of the present invention by remote users. In this regard any user

may access the central processing computer 201 from any remote computer, terminal and/or other suitable communication device, so as to perform any of the herein-described processing routines for processing and calculating an insurance premium, plan or policy. In this regard, a central database (not shown) which is located at the central processing computer 201 would contain all of the data and/or information which is stored in the database 7 of the embodiment of Figure 1 as described above. Further, the apparatus and method of the present invention facilitates on-line and/or network dissemination of insurance policies, products, services and/or coverage so as to allow an individual and/or business entity to obtain insurance and/or information related thereto for leased and/or rented entities, from a remote location on, or over, a network environment, such as on, or over, the Internet, the World Wide Web, and/or any other suitable communication network.

In any and/or all of the embodiments described herein, the apparatus 100 of the present invention can also be used to process transactions involving the purchase and/or sale of the insurance policies described herein on or over a communication network and/or on or over the Internet and/or

the World Wide Web. In this manner, the apparatus 100 and/or the CPU 1 can be utilized to purchase and/or sell any of the insurance products, services, coverage, and/or policies described herein on or over a communication network and/or on or over the Internet and/or the World Wide Web. The apparatus 100 and/or the CPU 1 can also be used as a clearinghouse for selling and/or purchasing any or the herein-described insurance products, services, coverage and/or policies.

The apparatus 100 and/or the CPU 1 can also be used to receive and/or process insurance claims relating to or arising from any of the herein-described insurance products, services, coverage and/or policies described herein on or over a communication network and/or on or over the Internet and/or the World Wide Web.

In another embodiment, the apparatus and method of the present invention can be utilized in order to create a credit derivative which is based on any liability or liabilities which can be created by, or which can be potentially created by, any of the lease insurance policies, products, and/or instruments, which can be provided pursuant to, and/or facilitated by, the present invention.

The credit derivative can be created by the insurance company, insurer, or other issuer, of any of the lease insurance policies or lease insurance products which are described herein as being generated, established, or issued, pursuant to the utilization of the present invention. The credit derivative or credit derivatives can be utilized so as to allow the respective insurance company, insurer, or other issuer, to hedge its liability or risk of loss, to limit its liability or risk of loss, and/or to obtain insurance or reinsurance, for any liability or liabilities and/or potential liability or potential liabilities which may be associated with and/or which may result from the issuance of any of the herein-described lease insurance policies or lease insurance products.

The credit derivative or credit derivatives can be utilized so as to allow the respective insurance company, insurer, or other issuer, to obtain a degree a degree of insurance or reinsurance for any liabilities which may be created by, or which may potentially be created by, any lease insurance policy or lease insurance policies described herein.

The credit derivative or credit derivatives can be created for any one lease insurance policy or lease insurance product or for any number of lease insurance policies or any number of lease insurance products. The credit derivative or credit derivatives can be created for any type of lease insurance policy or lease insurance product or for any types of lease insurance policies or any number of lease insurance products.

Applicant hereby incorporates by reference herein the subject matter and teachings of The Handbook Of Credit Derivatives, Jack Clark Francis, et al., McGraw Hill, 1999; Credit Derivatives: Trading & Management Of Credit & Default Risk, Satyajit Das, Wiley 1998, for the purpose of incorporating into this application the teachings of the above references which describe the types of credit derivatives, the uses and applications of credit derivatives, the use of credit derivatives in portfolio management, the use of credit derivatives in risk management, the pricing of credit derivatives, and the valuation of credit derivatives, and the manner in which credit derivatives can be implemented, priced and utilized.

Figure 6 illustrates a flow diagram of a method for utilizing the present invention in order to create and/or to price a credit derivative corresponding to any liability or potential liability associated with a lease insurance policy or lease insurance product. With reference to Figure 6, the method commences at step 600. At step 601, the apparatus of the present invention 100 or 200 and/or the CPU 1 or the central processing computer 201 will identify the lease insurance policy or lease insurance product which is being offered and can ascertain the liability, the potential liability, or the risk of loss, which is or which may be associated with the lease insurance policy or the lease insurance product.

At step 602, the apparatus of the present invention 100 or 200 and/or the CPU 1 or the central processing computer 201 can identify a credit derivative which can be created and issued to investors in order to reduce the liability or risk of loss associated with the lease insurance policy or product. The credit derivative can be any one or more of a bond, a note, a securitized bond, a securitized note, a swap, a credit swap, an option, a credit option, a put option, a call option, a credit-linked note, a total return swap, a default swap, an

exotic option, an exotic credit option, a swaption or a swap option, a total rate of return swap, a loan swap, a credit swap, or any other instrument which can be utilized as a credit derivative.

At step 603, the apparatus of the present invention 100 or 200 and/or the CPU 1 or the central processing computer 201 can determine the price or pricing of the credit derivative, credit derivatives, or credit derivative units, for the credit derivative identified at step 602. At step 603, the apparatus of the present invention 100 or 200 and/or the CPU 1 or the central processing computer 201 can also determine and/or generate the offering terms (i.e. time for holding the credit derivative, time to maturity of the credit derivative instrument, interest rate of the credit derivative, rate of return of the credit derivative, default risk information, issuer default risk, probability of default by the issuer of the credit derivative, probability of non-default by the issuer, and any other terms or information which can be typically provided along with a credit derivative or other investment or financial instrument, etc.).

At step 604, the apparatus of the present invention 100 or 200 and/or the CPU 1 or the central processing computer 201 can output the information generated at step 602 regarding the identified credit derivative and the information generated at step 603 regarding the pricing and/or offering terms for the credit derivative, credit derivatives, or credit derivative units. At step 605, the issuer of the credit derivatives can issue the credit derivatives to investors. Thereafter, the method of Figure 6 will cease at step 606.

In any and/or all of the embodiments described herein the apparatus of the present invention 100 or 200 and/or the CPU 1 or the central processing computer 201 can be utilized to process transactions involving the purchase and/or sale of any of the credit derivatives described herein. These credit derivative transactions can also be performed on or over a communication network and/or on or over the Internet and/or the World Wide Web. In this manner, the apparatus of the present invention 100 or 200 and/or the CPU 1 or the central processing computer 201 can be utilized to sell and/or purchase credit derivatives for or relating to any of the insurance products, services, coverage, and/or policies described herein. The apparatus of the present invention 100



or 200 and/or the CPU 1 or the central processing computer 201 can also be used as a clearinghouse for selling and/or purchasing credit derivatives for or relating to any of the herein-described insurance products, services, coverage and/or policies.

The apparatus 100 and/or the CPU 100 can also be used to receive and/or process trades and/or claims relating to, or arising from, any of the herein-described credit derivatives.

In another preferred embodiment, the apparatus of the present invention 100 or 200 and/or the CPU 1 or the central processing computer 201 can be, can also be used as, and/or can be an integrated and/or peripheral component or system of, a transaction computer system or a computer system which is used for processing insurance transactions, financial transactions, insurance claims transactions, and/or brokerage transactions. For example, the apparatus of the present invention can be, and/or can be utilized in connection with an insurance computer, a financial computer, an insurance claims computer, and/or a brokerage computer.

In any and/or all of the embodiments described herein, the apparatus and method of the present invention can also be used on or over any communication network and/or on or over the Internet and/or the World Wide Web.

While the present invention has been described and illustrated in various preferred and alternate embodiments, such descriptions are merely illustrative of the present invention and are not to be construed to be limitations thereof. In this regard, the present invention encompasses all modifications, variations and/or alternate embodiments with the scope of the present invention being limited only by the claims which follow.